March 2012

Regional Economic Indicators

Peace Country Region

Government of Alberta

PEACE COUNTRY REGION

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The Region at a Glance

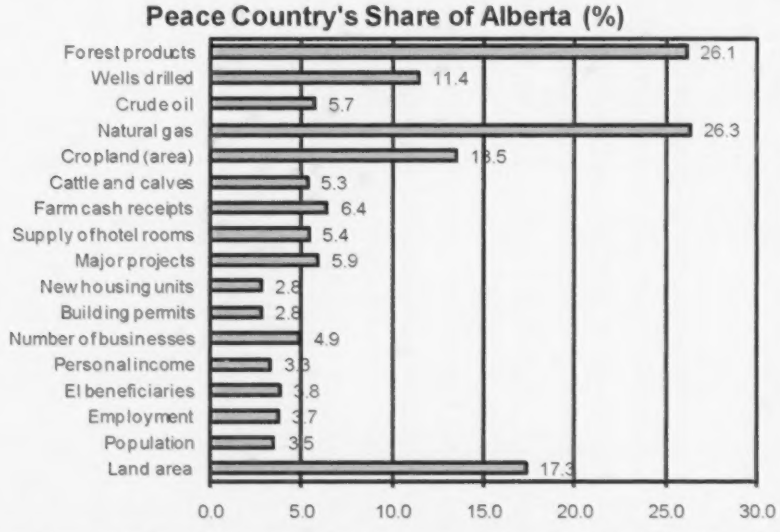
The Peace Country region in north western Alberta covers an area of 110,854 square kilometers, larger in size than South Korea. The region accounts for 17.3% of Alberta's land mass and for 3.5% of Alberta's population.

According to Statistics Canada's latest estimates, the region's population totaled 131,200 in 2010, an increase of 5.7% from 2006. According to the Labour Force Survey, about 67,000 people were employed in 2010 and the region's unemployment rate was 6.1%, down from 7.7% in 2009.

The region's largest industries on an employment basis are forestry and oil and gas, retail trade, and construction, each accounting for between 12% and 13% of total employment. The agricultural industry is also well represented in this region, and it also has a sizeable manufacturing base, which is concentrated in the forest products sector. The fastest growing industry between 2006 and 2010 was the construction sector. Employment in the agricultural sector, which has been on a long and steady decline in the province, fell sharply in the Peace Country over the same period.

According to personal income taxfiler data the average individual income was $41,100 in 2007, a large 44% increase from 2003. Average income for couples was $116,500 in 2007, a 52% rise from 2003.

Peace Country is one of the top two Alberta regions for the production of forest products, first for employment in the forest sector, and is the leading producer of pulp and paper and panelboard. It is also one of Alberta's top agricultural regions, accounting for more than 10% of the province's number of farms and cropland, and is the province's largest oilseed producing region. The region is the province's largest producer of natural gas and of conventional crude oil.

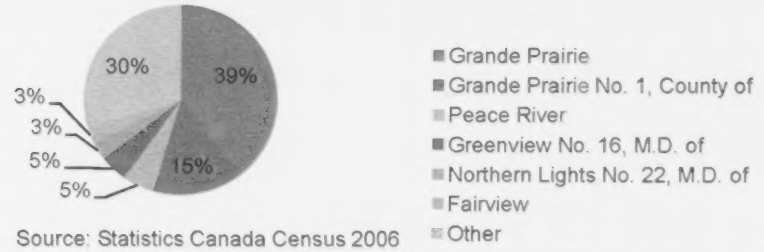


Although very few current indicators are available on a regional basis, it is clear that the impacts of the global economic crisis have also subsided in this region; for instance the number of Employment Insurance beneficiaries receiving regular benefits in Peace Country fell by 19% between 2009 and 2010. Moreover, the number declined sharply by 32% between June 2010 and June 2011.

Major Municipalities

The largest municipality in the Peace Country Region, according to the 2006 Statistics Canada Census, was the City of Grande Prairie with a population of 47,076[1]. More recently, the municipal census of 2007 showed 50,227 residents in Grande Prairie; a 12.5% increase from the 2005 municipal census number. According to the 2006 federal census, the municipality in the Peace Country Region with the highest population growth between 2001 and 2006 was the City of Grande Prairie as well, which experienced an increase of 27.3% or 10,093 residents between 2001 and 2006.

Breakdown of Population by Municipality: Peace Country



Source: Statistics Canada Census 2006

Economic Indicators: Peace Country Region

Major Municipalities*	Status	2006 Population	2001 Population	5 Year % Change	1996 Population	10 Year % Change
Grande Prairie	City	47,076	36,983	27.3%	31,140	51.2%
Grande Prairie No. 1, County of	Municipal District	17,970	15,638	14.9%	13,750	30.7%
Peace River	Town	6,315	6,240	1.2%	6,536	-3.4%
Greenview No. 16, M.D. of	Municipal District	5,464	5,439	0.5%	5,433	0.6%
Northern Lights No. 22, M.D. of	Municipal District	3,772	4,217	-10.6%	4,462	-15.5%
Fairview	Town	3,297	3,155	4.5%	3,316	-0.6%
Clear Hills County	Municipal District	2,714	2,772	-2.6%	2,886	-6.0%
Saddle Hills County	Municipal District	2,458	2,566	-4.2%	2,689	-8.6%
Grimshaw	Town	2,537	2,435	4.2%	2,661	-4.7%
Smoky River No. 130, M.D. of	Municipal District	2,442	2,405	1.5%	2,491	-2.0%

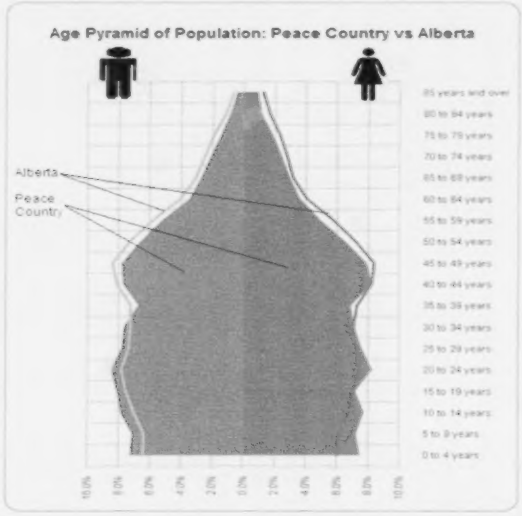
Source: Statistics Canada Census 1996, 2001, 2006

* Top 10 cities, towns, villages and municipal districts in region, based on population in latest census year

[1] Note: the Census under-estimates the overall population totals for any region or municipality as some people are not counted. The reasons for this under-coverage can range from some households not receiving a census questionnaire to individuals not being included in the questionnaire completed for a household.

Demographics

According to the most recent Statistics Canada Census of 2006, the population of the Peace Country Region increased by just over 12,000 or by 11.4% since the 2001 Census and by 18.6% since the 1996 Census. The region accounted for 3.6% of Alberta's total population in 2006. The Census indicates that, on average, the Peace Country region's population is somewhat younger than the provincial average. The Peace Country region's relatively large pool of young people should allow for a smooth transition as the younger generation enters the workforce and older workers retire.



Census Estimates - Peace Country Region			
	2006	**2001**	**1996**
Census Population[2]	119,358	107,156	100,667
Share of Provincial Total (%)	3.6%	3.6%	3.8%
Population Components			
Age Group: 0 – 14 (%)	22.4	24.0	25.7
Age Group: 15 – 24 (%)	16.1	15.6	15.4
Age Group: 25 – 44 (%)	30.0	31.5	
Age Group: 45 – 64 (%)	23.1	20.7	50.7
Age Group: 65+ (%)	8.5	8.1	8.2
Dependency Ratio[3]	44.7	47.4	51.2
Old Age Dependency Ratio[4]	12.3	12.0	12.4
Source: Statistics Canada, Census 1996, 2001, 2006			

[2] See below paragraph about the under-coverage problems of Census population estimates

[3] Dependency Ratio: The percentage of the population below the age of 15 and over the age of 64 divided by the number of working-age adults (15-64). This is the population of children and elderly that are dependent on the adult population for economic needs

[4] Age Dependency Ration: The percentage of the population over the age of 64 divided by the number of working-age adults (15-64). This is the population of elderly that is dependent on the adult population for economic needs

Although the Census provides the most detailed and accurate information at a single point in time on the demographic, social and economic conditions of the population, the Census under-estimates the overall population totals for any region as some people are not counted. The reasons for this under-coverage can range from some households not receiving a census questionnaire to individuals not being included in the questionnaire completed for a household. Therefore, the below presented post-censal estimates should be used as the official population estimates for the region.

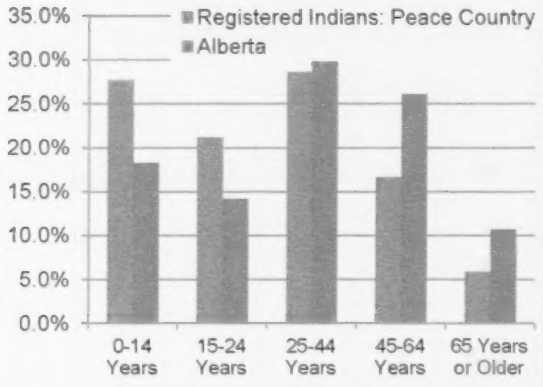
Population Estimates – Peace Country Region					
	2010	**2009**	**2008**	**2007**	**2006**
Total Population (Thousands)	131.2	130.6	129.1	127.5	124.1
Share of Provincial Total (%)	3.5	3.6	3.6	3.6	3.6
Source: Statistics Canada – estimates as of July 1 of each year					

According to the post-censal estimates, the region's population increased by 7,100 or 5.7% between 2006 and 2010, compared with 8.8% growth at the provincial level. The region's share of Alberta's population declined to 3.5% in 2010.

Aboriginals

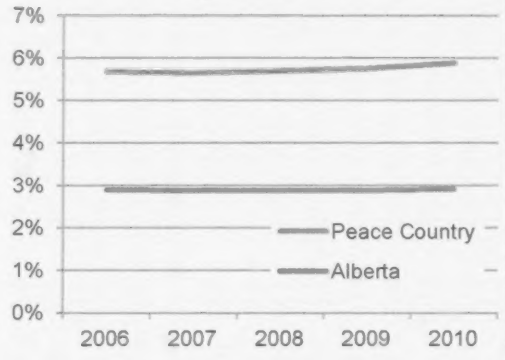
In 2010, bands in the Peace Country Region had a population of 7,711 Registered Indians, 59.1% of whom lived on reserve and crown land.[1] This represents an 11.8% increase in registered population over five years. Registered Indians comprised 5.9% of Peace Country's total population in 2010, compared with 2.9% for the province as a whole. Registered Indians in Peace Country are younger than the average Albertan; 28% are under the age of 15 (versus 18% of the provincial population).

Comparison of Age Breakdowns



Source: Indian and Northern Affairs Canada, Statistics Canada

Registered Indians as % of Total Population



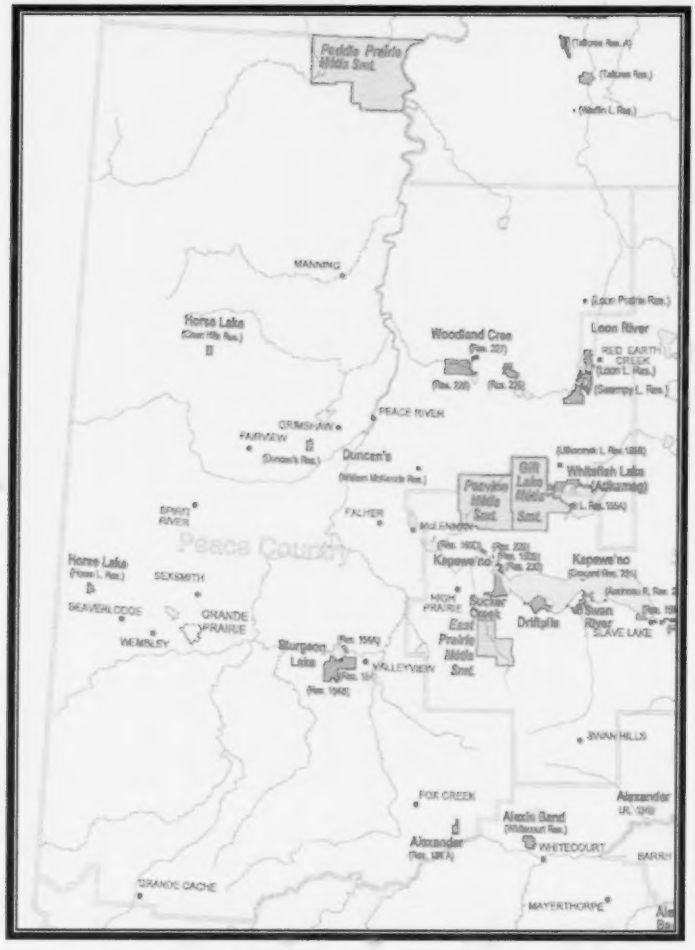
Source: Indian and Northern Affairs Canada, Statistics Canada

Registered Indian Population, by Type of Residence and Group: Peace Country Region

Group	Residence Type	2010	2009	2008	20007	2006	2005	1-Year Change	5-Year Change
Registered Indian	Total	7,711	7,518	7,361	7,200	7,050	6,900	2.6%	11.8%
	Reserve & Crown Land	4,555	4,470	4,393	4,314	4,231	4,135	1.9%	10.2%
	Off Reserve	3,156	3,048	2,968	2,886	2,819	2,765	3.5%	14.1%
Duncan's	Total	234	231	226	221	216	212	1.3%	10.4%
	Reserve & Crown Land	135	132	132	127	124	124	2.3%	8.9%
	Off Reserve	99	99	94	94	92	88	0.0%	12.5%
Horse Lake	Total	953	938	900	875	849	827	1.6%	15.2%
	Reserve & Crown Land	447	436	408	388	374	364	2.5%	22.8%
	Off Reserve	506	502	492	487	475	463	0.8%	9.3%
Loon River	Total	503	494	484	463	445	436	1.8%	15.4%
	Reserve & Crown Land	410	404	399	382	365	359	1.5%	14.2%
	Off Reserve	93	90	85	81	80	77	3.3%	20.8%
Sturgeon Lake	Total	2,795	2,728	2,657	2,587	2,534	2,471	2.5%	13.1%
	Reserve & Crown Land	1,404	1,381	1,347	1,313	1,280	1,249	1.7%	12.4%
	Off Reserve	1,391	1,347	1,310	1,274	1,254	1,222	3.3%	13.8%
Whitefish Lake*	Total	2,236	2,149	2,123	2,090	2,060	2,020	4.0%	10.7%
	Reserve & Crown Land	1,416	1,377	1,375	1,371	1,367	1,331	2.8%	6.4%
	Off Reserve	820	772	748	719	693	689	6.2%	19.0%
Woodland Cree	Total	990	978	971	964	946	934	1.2%	6.0%
	Reserve & Crown Land	743	740	732	733	721	708	0.4%	4.9%
	Off Reserve	247	238	239	231	225	226	3.8%	9.3%

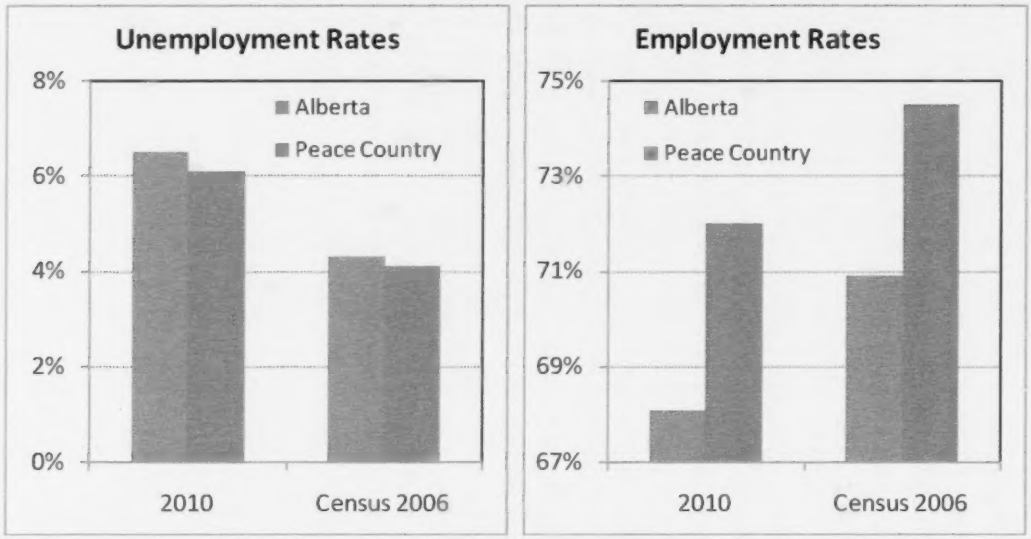
Source: Indian And Northern Affairs Canada, Alberta Municipal Affairs * Territory shared with Northeast Region

[1] **Registered (Status) or Treaty Indians:** According to Statistics Canada Registered Indians (also referred to as "status Indians") refer to those persons registered under the *Indian Act* while Treaty Indian refer to people who are registered under the *Indian Act* and who belong to an Indian Band or First Nation that signed a treaty with the Crown. Registered/Treaty Indians may be classified as on or off reserve indicating their place of residence.


Peace County
Paddle Prairie Métis Sett.
MANNING
Horse Lake
Woodland Cree
(Res. 150)
Loon River
RED EARTH CREEK
PEACE RIVER
FAIRVIEW
Duncan's
Whitefish Lake (Atikameg)
Gift Lake Métis Sett.
Peavine Métis Sett.
SPIRIT RIVER
FALHER
McLENNAN
Kapawe'no
HIGH PRAIRIE
Sucker Creek
Driftpile
Swan River
SLAVE LAKE
SEXSMITH
GRANDE PRAIRIE
WEMBLEY
Sturgeon Lake
VALLEYVIEW
East Prairie Métis Sett.
SWAN HILLS
FOX CREEK
Alexander
Alexis Sand
WHITECOURT
BARRHEAD
GRANDE CACHE
MAYERTHORPE

Labour Force Characteristics

According to Statistics Canada's Labour Force Survey (LFS), the Peace Country region's employment rate[6] for the working age population of 15 years and older was 72.0% in 2010 and the participation rate[7] was 76.6%. By comparison, Alberta's employment and participation rates were considerably lower at 68.1% and 72.9%, respectively, in 2010. The region's unemployment rate fell to an estimated 6.1% in 2010, down from 7.7% in 2009. This rate is lower than the provincial average of 6.5% for 2010.



Between census years 2001 and 2006, the number of people employed in Alberta grew by 14.7% or by 239,800. Over the same period, employment in the Peace Country region grew by an estimated 9,845 or 16.9%. In 2006, this region made up 3.5% of Alberta's working age population (15+ years).

Between 2006 and 2010, the region's working age population (15+) fell by 2,700, while employment declined by more than 6,000 as a result of the global recession and the U.S. housing crisis which has had a profound impact on Alberta's forestry sector.

In 2010, the number of people employed in Alberta declined by 0.4% or by 8,600, after a 1.4% decline in 2009, due to the global recession. Employment levels in the Peace Country region fell by an estimated 1,300 in 2010. In 2010, the Peace Country region made up 3.1% of Alberta's working age population (15+ years), compared with the region's 3.5% share in 2006.

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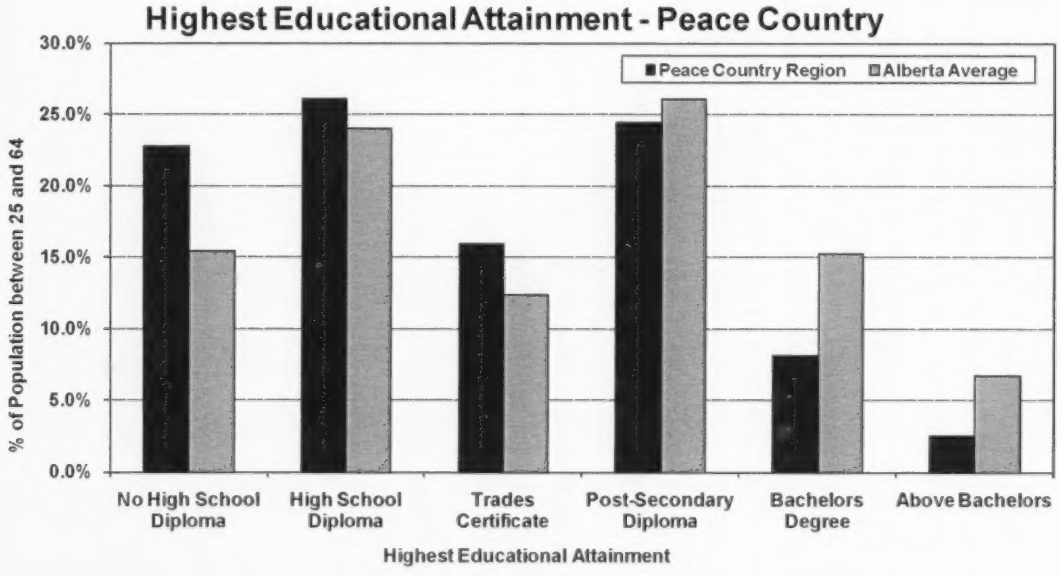
[6] The employment rate measures the proportion of the adult population that is employed. Employment Rate = (Employed / Population 15+)*100. High labour utilization traditionally accompanies strong economic activity.

[7] The participation rate measures the proportion of the adult population that is in the labour force. Participation Rate = (Labour Force / Population 15+)*100. High labour participation is an effective indicator of the level of engagement among the working age population and traditionally accompanies strong economic activity.

Labour Force Characteristics – Peace Country Region					
	2006	2007	2008	2009	2010
Population: 15 years and older (Thousands)	95.2	95.1	94.5	94.4	92.5
Labour Force: 15 years and older (Thousands)	74.8	74.7	73.5	73.6	70.9
Employment: 15 years and older (Thousands)	72.8	71.7	70.7	67.9	66.6
Unemployment: 15 years and older (Thousands)	2.0	3.0	2.8	5.7	4.3
Participation Rate: 15 years and older (%)	78.6	78.5	77.8	78.0	76.6
Unemployment Rate: 15 years and older (%)	2.7	4.0	3.8	7.7	6.1
Employment Rate: 15 years and older (%)	76.5	75.4	74.8	71.9	72.0
Source: Statistics Canada, Labour Force Survey					
Statistics Canada cautions the reader that the regional Labour Force Survey estimates may be subject to large year-to-year fluctuations, especially for the smaller regions, due to sample size problems and there not being any population control totals for non-standard geographies such as this region.					

According to the 2006 census, the level of educational attainment is lower for this region than for Alberta. For the working age population of between 25 and 64 years, 35.1% had a post-secondary degree or diploma, compared with 48.1% for all of Alberta. However, the region does have a larger share holding a trades certificate: 16.0% in the region vs. 12.4% in Alberta. 22.8% of the region's working age population did not finish high school, higher than the Alberta average of 15.4%.

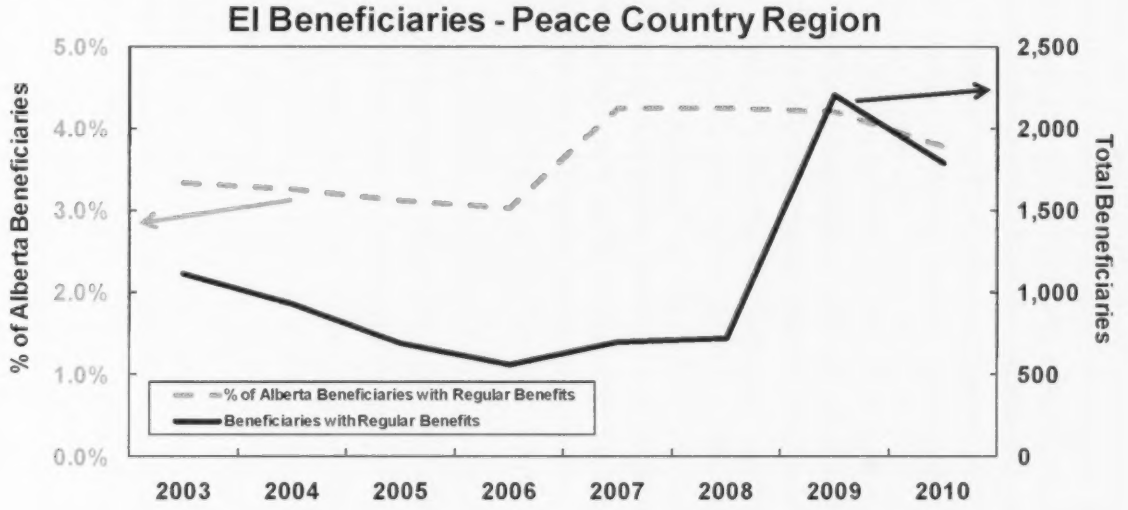


Employment Insurance Beneficiaries

In 2010, 1,790 people received regular Employment Insurance (EI) benefits[8] in the Peace Country region, a 19% drop from the 2009 number of 2,200[9]. Over the same period, the number of EI recipients fell by 9% in Alberta. As a result, the region's share of Alberta EI recipients fell to 3.8%. Between February 2010 and February 2011, the number of regular beneficiaries fell by an estimated 37% in the region.

The total number of income beneficiaries[10] with both regular and special benefits, such as for sickness or parental leave, fell by 13% between 2009 and 2010 as virtually all of the decrease in income beneficiaries was the result of the decrease in the number of regular beneficiaries, rather than in those receiving special benefits.

Note: although this measure provides a useful gauge of unemployment it is an imperfect measure, as it excludes self-employed workers and individuals who were unemployed for more than 12 months. At the Canadian level, the EI beneficiaries-to-unemployed ratio was fairly stable over time prior to the recession at between 40% and 45%. In Alberta, the ratio fell gradually during the economic boom years from more than 40% in 1996 to less than 25% in 2007 and the first nine months of 2008. The ratio climbed to more than 40% in 2009 and was 36% in 2010.



EI Recipients: Peace Country								
	2005	2006	2007	2008	2009	2010	1-Year Change	5-Year Change
Total Income Beneficiaries	1,690	1,650	1,880	1,940	3,500	3,040	-13%	80%
# of EI Beneficiaries with Regular Benefits	690	560	700	720	2,200	1,790	-19%	159%
% of Alberta Beneficiaries with Reg. Benefits	3.1%	3.0%	4.3%	4.2%	4.2%	3.8%	-0.4%	0.7%
Source: Statistics Canada, Human Resources and Skills Development Canada								

[8] The number of beneficiaries receiving regular benefits excludes claimants receiving training, job creation and self-employment benefits as well as other employment and support measures benefits.

[9] Canada's Economic Action Plan provides beneficiaries with five extra weeks of regular EI benefits in 2009 and 2010.

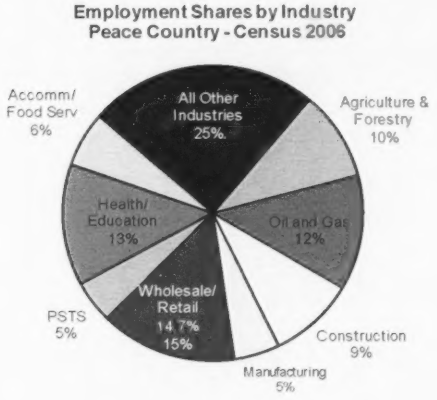
[10] The number of beneficiaries receiving total income benefits includes both the beneficiaries receiving regular benefits and those receiving special benefits, such as for training, job creation, sickness, parental.

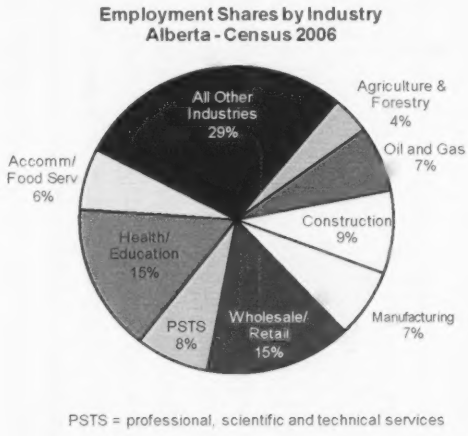
Employment by Industry

In 2006, according to Statistics Canada's census data, the services-producing sector in the Peace Country accounted for about 63% of the total number employed. By comparison, the service sector accounted for 73% of Alberta's employment.

The Mining and Oil and Gas industry had the largest number of individuals employed. This industry accounted for 13% of the region's employment, compared with the industry's 7% share at the provincial level. Although the region has a sizeable in-situ oil sands sub-sector, the Mining and Oil and Gas industry is dominated by conventional oil and gas production. The region's next largest industries in 2006 were the Retail Trade sector accounting for about 11% of regional employment and the Agriculture and Forestry sector at 10%.

Between 2001 and 2006, the Mining and Oil and Gas industry had the largest employment gain (up 3,845) because of rising oil sands output and increased drilling activity. In the region's third largest industry, Agriculture and Forestry, employment decreased by just over 1,000.





PSTS = professional, scientific and technical services

Although estimates from the Labour Force Survey are not very reliable[11] for the small regions, it is clear from the survey's results that employment in the Agricultural, Forestry and Retail Trade sectors has declined between 2006 and 2010, but employment in the Construction sector has risen over the same period.

[11] Due to sample size problems and there not being any population control totals for non-standard geographies.

Employment by Industry – Peace Country Region					
	2006	**2007**	**2008**	**2009**	**2010**
All Industries (Thousands) - Total	**72.8**	**71.7**	**70.7**	**67.9**	**66.6**
Goods-Producing Sector	**25.9**	**23.3**	**23.2**	**20.7**	**23.1**
Agriculture	5.3	3.8	2.4	2.2	2.3
Forestry, Fishing, Mining, Oil & Gas	9.5	9.3	10.0	8.5	8.5
Construction	6.9	6.3	6.6	6.5	8.1
Manufacturing	3.7	3.4	3.4	3.0	3.5
Services-Producing Sector	**46.9**	**48.3**	**47.5**	**47.3**	**43.5**
Wholesale Trade	3.0	2.9	3.0	2.9	2.7
Retail Trade	10.3	9.0	10.6	8.6	8.3
Transportation & Warehousing	4.0	4.2	5.7	4.5	3.6
Finance, Insurance, Real Estate & Leasing	3.5	2.9	2.5	3.6	3.3
Professional, Scientific & Technical Services	3.6	3.6	2.9	3.1	2.9
Educational Services	3.3	4.6	3.4	4.3	3.3
Health Care & Social Assistance	5.8	6.7	6.4	6.3	6.4
Accommodation & Food Services	4.6	4.4	4.7	3.7	4.5
Other Services	3.7	4.8	3.5	4.9	3.6
Public Administration	2.0	1.5	1.6	1.9	2.0

Source: Statistics Canada, Labour Force Survey

Statistics Canada cautions the reader that the regional Labour Force Survey estimates may be subject to large year-to-year fluctuations, especially for the smaller industries, due to sample size problems.

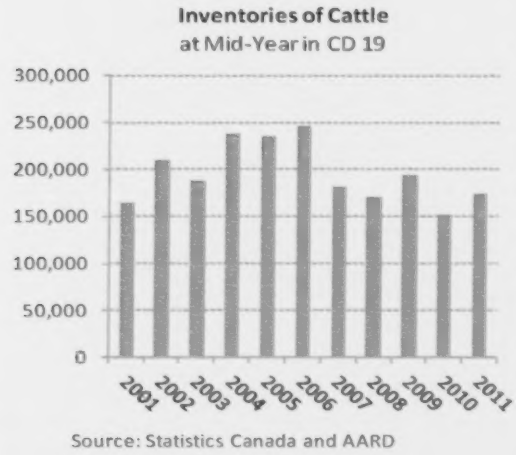
Agriculture

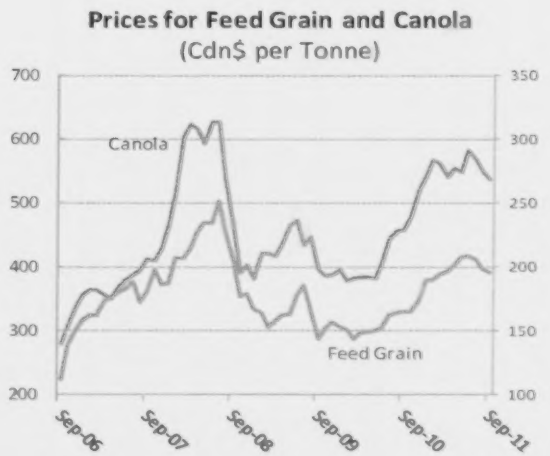
The Peace Country region had total farm cash receipts of $635 million in Census year 2006, accounting for 6.4% of Alberta's farm receipts. In that year, there were about 5,100 farms in the region with a total acreage of 5.8 million acres. Average farm size was 1,130 acres.

The region accounted for 5.8% of Alberta's total value of on-farm livestock and poultry with a total market value of $289 million in 2006. The total number of cattle and calves was 339,000, most of them beef cattle. Peace Country's share of Alberta's total number of cattle and calves was 5.3%, of hogs 1.7%, and of bison 29.7%.

Cropland acreage totaled 3.2 million acres or 13.5% of Alberta's cropland, the second largest cropland area in the province. The region is the province's largest producer of canola, accounting for 20.7% of Alberta's canola acreage, and of hay, forage seeds and honey. Its major crops also include spring wheat, barley, oats, alfalfa, and field peas.

Very few current agricultural indicators are available for these special geographies. However, livestock estimates are available for Census Division 19 (CD19), which is part of the Peace Country region[1]. Between mid-year 2006 and mid-year 2011, the number of cattle and calves in CD 19 declined by 30%.





Source: Statistics Canada and AARD

In crop year 2009-10 (year ending August 31, 2010), grain and oilseed deliveries at elevators in the Peace Country region totaled about 1.3 million tonnes[2], an increase of 5% from 2008-09. Canola accounted for 52% of total tonnage, followed by wheat (excluding durum) at 39% and barley at 5%.

Prices for canola and feed grain more than doubled between early 2006 and the summer of 2008, but fell sharply by about 40% through early 2009. Crop prices rebounded strongly between spring 2010 and summer 2011, but recent global uncertainties have led to modest price declines during the past few months. Prices for red spring wheat fell sharply in August and September, but recovered some of their losses in October 2011. The recent weakening of the Canadian dollar against the US dollar will benefit Alberta crop and cattle growers.

In 2011, Alberta crop production was significantly higher than in the previous year, with record harvests of canola (4.8 million tonnes) and spring wheat (7.6 million tonnes). Crop conditions in the Peace Country region were slightly better than normal that year.

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[1] A map of Agricultural Census Divisions can be found in: http://www.statcan.gc.ca/ca-ra2006/m/car-rar-cng.pdf

[2] Deliveries at grain elevators are not representative of production as not all grain is shipped to local elevators

Energy

Oil and gas production in the Peace Country region has diverged over the last five years, with gas production declining by 4.0% between 2004 and 2009, and oil production rising by 9.3% over the same period. Crude oil production has declined by 14.6% over the last 5 years, while bitumen production has increased by 148.4%. Between 2008 and 2009, gas production declined by 5.5% while oil production fell by 8.3%.

Peace Country's share of overall Alberta gas production was 25.1% in 2009, making it the largest producer out of 14 regions. Average annual gas prices dropped by 53.3% in 2009 to $3.65 per gigajoule. So far in 2010, gas prices have averaged $3.73, a slight increase from 2009, and low by historical standards.

The Peace Country region is the largest conventional oil producing region in Alberta and the 3rd largest overall oil producer (combining conventional and oil-sands). The region's share of Alberta's conventional oil production was 17.1% in 2009, but its share of total crude oil output was only 6.1%. Oil prices dropped by 38.0% to US$61.80 per barrel in 2009. However, so far in 2010 oil prices have averaged $78.96, an increase of 27.8%.
Over the last five years, the number of spudded wells[14] in the region has dropped 55.8%.

Between 2008 and 2009, the spud count dropped by 47.9% to 860 wells, accounting for 11.8% of the Alberta total. Part of the decline can be attributed to a weak global economy and soft energy prices. However, in the first 10 months of 2010, the number of wells drilled in Alberta rose 44% from the same period of 2009, largely because of a more than doubling in the number of conventional oil wells. The Petroleum Services Association of Canada is forecasting an increase of 5% in 2011 over 2010 for Alberta drilling. These drilling estimates and forecasts should provide some optimism for oil producers in Peace Country.

Economic Indicators: Peace Country Region

Oil and Gas Statistics

	2009	2008	2004	% Change 1 Year	% Change 5 Years
Crude oil production (millions of cubic metres)	4.6	5.1	5.4	-10.59%	-14.59%
Bitumen production (millions of cubic metres)	2.3	2.4	0.9	-3.48%	148.39%
Natural gas production (billions of cubic metres)	34.8	36.8	36.3	-5.45%	-4.00%
Number of wells spudded	860	1652	1946	-47.94%	-55.81%

Source: Alberta Energy

The region's total gas potential represents 23.7% of Alberta's overall reserves, and oil potential is 13.5% of Alberta's conventional reserves.

[14] A spud is the very beginning of a drilling operation for a well

Forestry

The Peace Country region is the province's second largest producer of forest products, such as lumber, oriented strand board (OSB) and wood pulp. It is also the province's largest producer of OSB. In 2009, the region accounted for 26.1% of all the wood fiber processed in the province. As a result, two of the region's largest manufacturing sectors are wood products (mainly lumber and OSB) and pulp and paper.

Of the 5.5 million cubic metres of logs consumed by these two manufacturing sectors in the Peace Country region in 2009, 44% was used to produce lumber, 37% to produce pulp and paper, and 19% to produce OSB. OSB production tumbled by 55% between 2005 and 2009. Over the same period, lumber production rose 2% and pulp and paper production fell by 5%.

In 2009, forestry accounted for about 5,900 jobs (direct plus indirect and induced jobs) in the region, down from 9,250 jobs in 2005. About 2,100 of these jobs are direct jobs (processing jobs), a 35% decline from 2005. In Census year 2006, total employment in the region was 68,235. As the forestry sector accounted for an estimated 8,300 jobs (direct plus indirect and induced) in the same year, about 12% of the region's jobs were directly or indirectly related to the forestry industry. The loss of more than one-third of forestry employment between 2005 and 2009 would have a serious impact on the entire region.

Over the past four years, the value of shipments by Alberta's wood products sector fell by one-half, mainly because of the precipitous decline of the U.S. housing market. Between the first quarter of 2006 and the first quarter of 2009, U.S. housing starts fell from more than two million starts (on an annual basis) to fewer than 600,000 starts. During the past 18 months starts have remained in the 500,000 to 600,000 range. Canadian housing starts fell by one-half between mid-2008 and mid-2009, but have recovered most of their losses since then. Alberta housing starts also peaked in 2006, and fell by more than one-half between 2006 and 2009. Since then they have recovered strongly, but are not expected to return to 2006 levels over the near future.

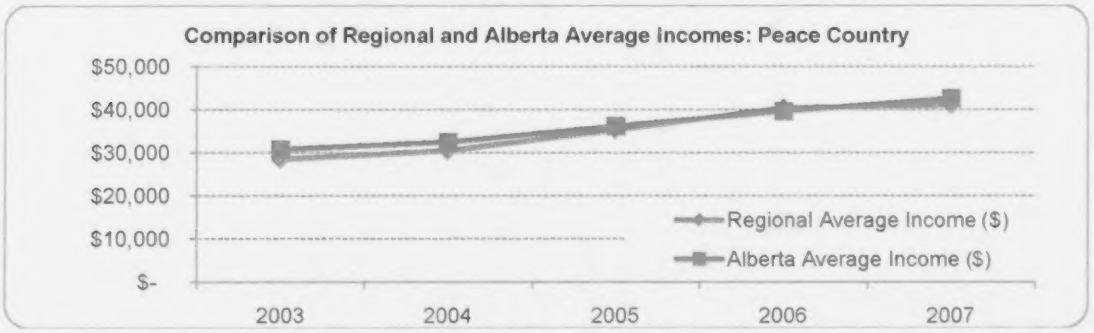
The value of shipments by the Peace Country region's wood products and pulp and paper sectors totaled about $720 million in 2009, a 38% decline from 2005. The region also produces about $25 million of secondary wood products, such as cabinetry and millwork.

The global economic and U.S. housing crises have had a profound impact on forest product prices. Prices for lumber had dropped by more than one-half between early 2006 and the early of 2009. However, these prices have increased sharply by about one-third since then. OSB prices peaked in early 2004 at nearly US$500 per thousand square feet, and bottomed out in the first half of 2009 at US$120. Since then, they have risen to about US$200. Pulp prices dropped by less than 30% between mid-2008 and the second quarter of 2009 and reached new highs by mid-2010.

Income, Taxfiler

In 2007, the average individual income in the Peace Country Region was $41,080, a 1.7% increase from 2006, but 3.5% less than the provincial average of $42,570 in 2007. In the same year, average couple income[19] in the Peace Country Region was $116,480, a 3.5% increase from the year before, but 7.2% less than the provincial average of $125,485 in 2007.

The percentage of taxfilers that reported an individual gross income over $100,000 was 7.4%, while 43.2% of taxfilers identified as couples reported an income of over $100,000.



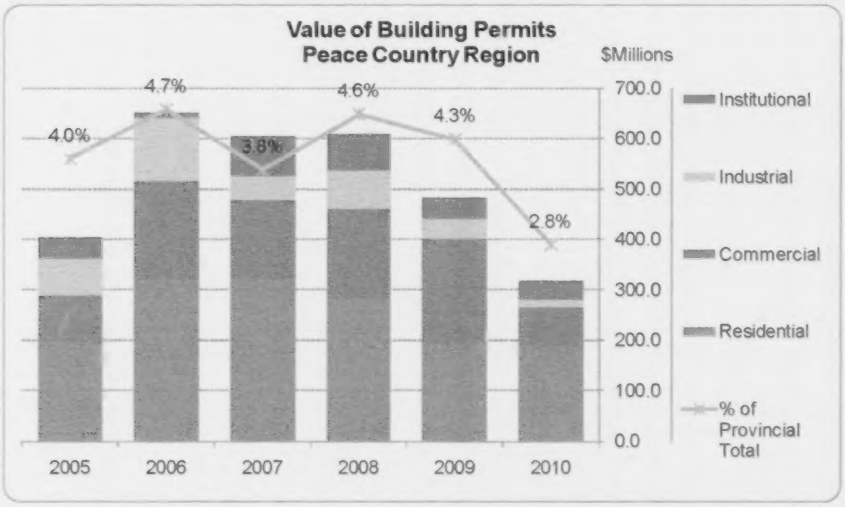
Economic Indicators: Peace Country Region						
	Single Taxfilers			Couple Taxfilers		
	2007	2006	2003	2007	2006	2003
Average Income ($)						
Peace Country	$41,080	$40,380	$28,505	$116,480	$112,505	$76,615
% Change 1 Year	1.7%			3.5%		
% Change 4 Year	44.1%			52.0%		
Alberta	$42,570	$39,560	$30,770	$125,485	$115,965	$87,775
% Change 1 Year	7.6%			8.2%		
% Change 4 Year	38.3%			43.0%		
Income Range						
0 or Negative	16.9%	16.4%	16.8%	0.3%	0.3%	0.6%
$1-$20,000	25.4%	26.5%	33.9%	5.0%	4.9%	7.5%
$20,000-$40,000	19.8%	20.3%	21.6%	12.1%	13.0%	18.8%
$40,000-$60,000	14.3%	14.1%	13.2%	11.1%	12.5%	17.8%
$60,000-$80,000	10.0%	9.8%	8.2%	13.8%	14.6%	18.1%
$80,000-$100,000	6.2%	5.9%	3.7%	14.5%	14.7%	14.7%
Over $100,000	7.4%	7.1%	2.8%	43.2%	40.0%	22.5%
Source: Alberta Finance and Enterprise						

[19] Couples are defiined as married or common-law

Investment

In 2010, the total building permit value for the Peace Country region stood at $317.4 million, making up 2.8% of the provincial total. In 2010, the total building permit value for the Peace Country region decreased by 34% from 2009, and was 22% lower than the 2005 level. The decrease between 2009 and 2010 can be attributed to a large decrease in commercial permits of 64% to $75.8 million and a 63% drop in industrial permits to $14.2 million. Over the same period, residential permits fell by 3% to $189 million, while institutional permits decreased by 10%. Between 2005 and 2010, residential permits decreased by 4%.

The total number of dwelling units for which building permits were taken out in the Peace Country region in 2010 was 732, the lowest number in six years. This was a 5% decrease from the previous year and a 57% decline from the 2005 level. Over that five-year period, the number of multiple family dwelling units fell by 74% to 127 units in 2010. Over the same period, the number of single dwellings decreased by 50% to 605 units.



In 2010, the number of urban housing starts[20] totaled 506 in the Grande Prairie Census Agglomeration (CA), a decrease of 14% from 2009's 586 starts. This decrease was the result of declines of 7% and 68%, respectively, in the numbers of single-family and multi-family units between 2009 and 2010.

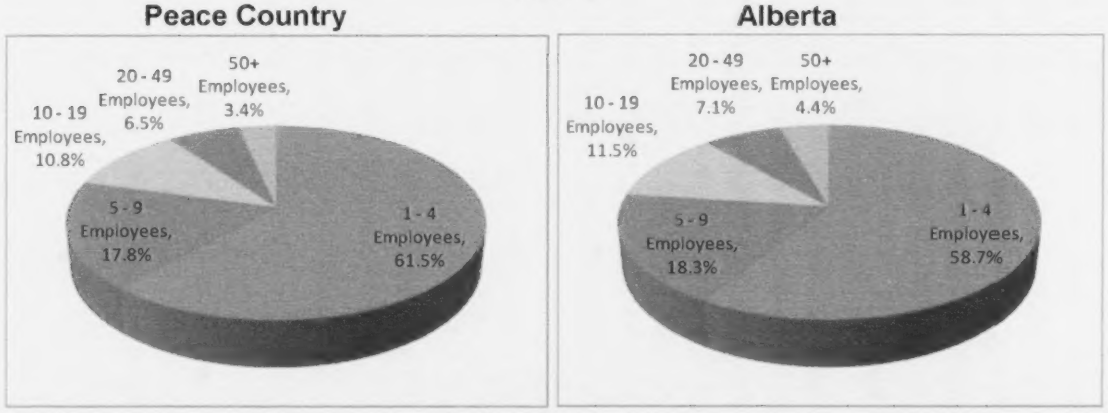
[20] Housing start information is gathered by Canada Mortgage and Housing Commission field offices; building permit estimates are gathered by Statistics Canada from municipalities. A building permit generally precedes the actual start.

Economic Indicators: Peace Country Region								
Building Permits: Value ($ Millions)								
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**% Change 1 Year**	**% Change 5 Years**
Total	317.4	482.7	608.9	604.4	652.0	404.5	-34.2%	-21.5%
% of Provincial Total	2.8%	4.3%	4.6%	3.8%	4.7%	4.0%	-35.1%	-30.5%
Commercial	75.8	207.8	178.0	154.8	197.2	91.9	-63.5%	-17.6%
Industrial	14.2	37.9	75.4	46.9	126.4	71.9	-62.6%	-80.3%
Institutional	38.1	42.3	71.6	80.3	9.2	43.7	-9.9%	-12.7%
Residential	189.4	194.7	283.9	322.4	319.2	196.9	-2.7%	-3.8%
Building Permits: Number of Dwelling Units								
	2010	**2009**	**2008**	**2007**	**2006**	**2005**		
Total	732	769	1268	1,957	2,547	1,698	-4.8%	-56.9%
% of Provincial Total	2.8%	3.5%	4.5%	4.2%	5.0%	3.9%	-19.4%	-29.1%
Single Dwellings	605	612	986	1,201	1,746	1,207	-1.1%	-49.9%
Multiple Use Dwellings	127	157	282	756	801	491	-19.1%	-74.1%
Source: Statistics Canada, Compilation by Alberta Finance and Enterprise								

Establishments with Employees

In 2010, the Peace Country Region had 7,238 establishments with employees, making up 4.9% of all establishments with employees in Alberta. Of these establishments, 6,992 or 96.6% were small companies with between 1 and 49 employees. Micro-businesses with fewer than five employees have a 61.5% share of the region's total number of companies and large companies with 50 or more employees have a 3.4% share, compared to the 4.4% Alberta average.

Number of Establishments by Employee Size in 2010: Peace Country Region and Alberta


Peace Country
20 - 49 Employees, 6.5%
50+ Employees, 3.4%
10 - 19 Employees, 10.8%
5 - 9 Employees, 17.8%
1 - 4 Employees, 61.5%
Alberta
20 - 49 Employees, 7.1%
50+ Employees, 4.4%
10 - 19 Employees, 11.5%
5 - 9 Employees, 18.3%
1 - 4 Employees, 58.7%

Between 2005 and 2010, there was an increase of 4.7% (or 328 companies) in the total number of businesses in the Peace Country Region and a 6.1% rise (or 401 companies) in the number of small businesses. By comparison, at the provincial level, the total number of businesses increased by 2.3% and small companies experienced an increase of 3.4% over the same period.

In the Peace Country Region, 64% of companies with employees were involved in service industries in 2010. The total number of companies in service industries rose by 4.0% over the past five years, while the goods industry had a 6.2% increase over the same period. Utilities and Construction is the largest industry in the region, making up 15.4% of establishments with employees in the Peace Country Region. By comparison, 13.8% of establishments with employees are engaged in the Utilities and Construction industry at the provincial level. Construction companies account for almost 99% of the Utilities and Construction industry in this region. Other large industries are Mining and Oil and Gas Extraction, Other Services (mainly repair and maintenance), and Professional, Scientific and Technical Services.

Over the past five years, the Mining and Oil and Gas Extraction industry experienced the highest growth in the number of businesses, up 27.0% between 2005 and 2010. The Administrative and Waste Management Services and Management of Companies industry, Utilities and Construction, and Education also had large increases of more than 10% in the number of establishments over the same period. Agriculture and Forestry registered the largest decline: down 16.1% between 2005 and 2010.

Numbers of Establishments by Industry Peace Country Region								
All Companies (1+ Employees)					Small Companies (1-49 Employees)			
	2005	2009	2010	5-Year % Change	2005	2009	2010	5-Year % Change
Total, All Industries	**6,910**	**7,371**	**7,238**	**4.7%**	**6,591**	**7,111**	**6,992**	**6.1%**
Total, Goods Industries	**2,436**	**2,632**	**2,586**	**6.2%**	**2,325**	**2,553**	**2,512**	**8.0%**
Agriculture & Forestry	695	583	583	-16.1%	682	577	575	-15.7%
Mining, Oil & Gas Extraction	589	741	748	27.0%	562	708	716	27.4%
Utilities & Construction	1,002	1,159	1,117	11.5%	947	1,131	1,095	15.6%
Manufacturing	150	149	138	-8.0%	134	137	126	-6.0%
Total, Service Industries	**4,474**	**4,739**	**4,652**	**4.0%**	**4,266**	**4,558**	**4,480**	**5.0%**
Wholesale Trade	308	320	311	1.0%	296	310	308	4.1%
Retail Trade	583	596	590	1.2%	550	559	554	0.7%
Transportation & Warehousing	592	614	586	-1.0%	561	601	573	2.1%
Information, Culture, Recreation & Arts	126	131	135	7.1%	120	126	130	8.3%
Finance, Insurance, Real Estate & Leasing	434	449	436	0.5%	419	438	423	1.0%
Professional, Scientific & Technical Services	720	757	728	1.1%	711	744	716	0.7%
Administrative & Waste Management Services & Management of Companies	333	421	406	21.9%	324	413	399	23.1%
Educational Services	44	50	49	11.4%	33	40	40	21.2%
Health Care & Social Assistance	316	333	337	6.6%	291	312	314	7.9%
Accommodation & Food Services	277	275	288	4.0%	241	235	251	4.1%
Other Services Excluding Private Household Services*	700	754	747	6.7%	689	752	744	8.0%
Public Administration	41	39	39	5.1%	31	28	28	-9.7%

Source: Canadian Business Patterns, Statistics Canada

* A new subsector, Private Households (hiring cooks, nannies, etc.) was created in 2006, thereby inflating the 2006 to 2010 estimates for the sector and the region as compared to previous years. Hence, to make the data comparable, the values shown for the "Other Services Excluding Private Household" industry has been adjusted and does not include the Private Households sector data.

Inventory of Major Projects

As of March 31, 2011 there were 46 projects proposed, planned, under construction or recently completed in the Peace Country region. Of these, more than one-half (25) are in either the Infrastructure or Institutional sectors.

The total value for the projects in the Peace Country region was $10.8 billion, as of the end of March 2011. The two sectors with the largest project values are Mining and Oil Sands. Nearly one-third of the total is the Shell Canada Carmon Creek oil sands project, proposed for construction between 2011 and 2016.

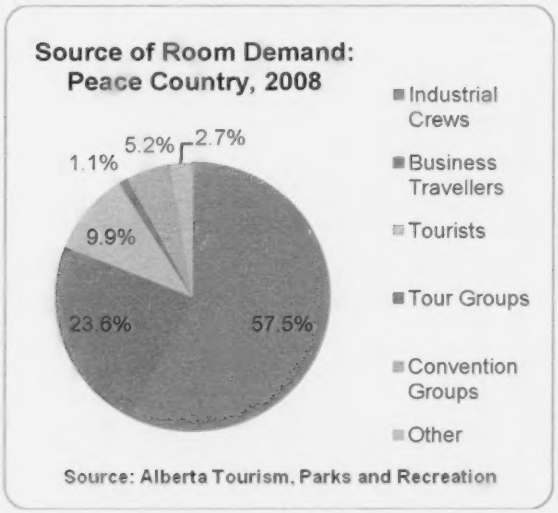
Four projects in the Peace Country region totaling almost $4.6 billion were on hold. The single Mining project accounts for the majority of this dollar figure.

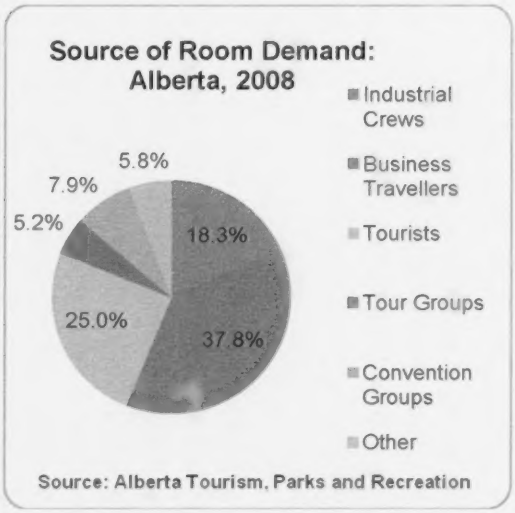
Economic Indicators: Peace Country Region				
Major Construction Projects, As of March 31				
	Number of Projects		**Value ($millions)**	
Industry Sector	**2011**	**2010**	**2011**	**2010**
Agriculture and Related	1	1	$13.0	$24.0
Biofuels	1	1	$16.0	$50.0
Commercial/Retail	1	1	$20.0	$20.0
Forestry	2	1	$62.0	$30.0
Infrastructure	17	19	$310.4	$321.7
Institutional	8	9	$624.3	$199.9
Mining	1	1	$4,500.0	$4,500.0
Oil & Gas	0	1	$0.0	$30.0
Oil Sands	1	1	$3,450.0	$3,450.0
Power	3	3	$1,570.0	$1,699.0
Residential	3	2	$66.0	$50.0
Telecommunications	1	0	$6.0	$0.0
Tourism/Recreation	7	7	$202.2	$203.7
Total	**46**	**47**	**$10,839.9**	**$10,578.3**
% of Provincial Total	**5.5%**	**5.1%**	**5.8%**	**4.6%**
Source: Alberta Finance and Enterprise, Inventory of Major Alberta Projects				

Note: 2010 and 2011 cannot be compared because some projects are carried over several years and there is only one cost available for the entire project.

Accommodation & Hospitality

In 2008, the Peace Country Region had 43 accommodation properties with a total of 3,446 rooms; thus making up a 5.6% share of rooms supplied in Alberta. The greatest demand for rooms came from business travelers, who made up 57.5% of room demand. The average occupancy rate in the region was 62.3%, as compared to the provincial average of 68.2%. The average room rate was $116.92, as compared to the provincial average of $113.54.





Economic Indicators: Peace Country Region		
Accommodation Statistics	**2007**	**2008**
Peace Country		
Number of Properties	38	43
Supply of Rooms	2,876	3,446
Share of Alberta Rooms	4.9%	5.6%
Average Number of Rooms/Property	75.7	80.1
Occupancy Rate	69.3%	62.3%
Average Room Rate	$111.29	$116.92
Alberta		
Average Number of Rooms/Property	81.5	82.5
Occupancy Rate	71.0%	68.2%
Average Room Rate	$109.55	$113.54
Source: Alberta Tourism, Parks and Recreation		

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- Alberta Oil Sands Industry Quarterly Update
- Facts on Alberta
- Highlights of the Alberta Economy
- Inventory of Major Alberta Projects
- Monthly Economic Review
- Alberta Natural Gas Industry Quarterly Update